

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

BEVERLY ADKINS, CHARMAINE WILLIAMS,  
REBECCA PETTWAY, RUBBIE McCOY,  
WILLIAM YOUNG, on behalf of themselves and all  
others similarly situated, and MICHIGAN LEGAL  
SERVICES,

Plaintiffs,

v.

MORGAN STANLEY, MORGAN STANLEY &  
CO. LLC, MORGAN STANLEY ABS CAPITAL I  
INC., MORGAN STANLEY MORTGAGE  
CAPITAL INC., and MORGAN STANLEY  
MORTGAGE CAPITAL HOLDINGS LLC,

Defendants.

1:12-cv-7667-HB

**ANSWER TO PLAINTIFFS' COMPLAINT**

Defendants Morgan Stanley, Morgan Stanley & Co. LLC, Morgan Stanley ABS Capital I Inc., Morgan Stanley Mortgage Capital Inc., and Morgan Stanley Mortgage Capital Holdings LLC (collectively "Morgan Stanley") hereby answers the allegations in Plaintiffs' Class Action Complaint as follows:

1. Morgan Stanley denies the allegations in Paragraph 1.
2. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 2 except admits that between 2004 and 2007 Morgan Stanley provided financing to New Century Mortgage Company and affiliated New Century entities (collectively "New Century"); that Morgan Stanley purchased New Century loans and created securitization pools that included New Century loans; that Morgan

Stanley sold certain of the resulting securities to investors and received fees for its services; and that New Century declared bankruptcy in April 2007.

3. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 3 except admits that it purchased mortgage loans from New Century and otherwise provided certain financing to New Century, as did other financial institutions.

4. Morgan Stanley denies the allegations in Paragraph 4.

5. Morgan Stanley denies the allegations in Paragraph 5.

6. Morgan Stanley denies the allegations in Paragraph 6.

7. Morgan Stanley specifically denies that the individual named Plaintiffs or anyone else received so-called “Combined Risk Loans” from New Century as a result of any actions, policies or practices of Morgan Stanley, and expressly denies that any actions, policies or practices of Morgan Stanley were “discriminatory.” Morgan Stanley is otherwise without knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 7, and thereby denies the allegations in the first sentence of Paragraph 7. Morgan Stanley denies the allegations in the second and third sentences of Paragraph 7 except admits that Plaintiffs seek the relief described in the second and third sentences of Paragraph 7 but Morgan Stanley specifically denies that Plaintiffs are entitled to that relief.

8. Morgan Stanley denies the allegations in Paragraph 8.

9. Paragraph 9 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies that Plaintiffs have standing and thus that this Court has subject matter jurisdiction over Plaintiffs’ claims. Paragraph 9 also contains

allegations that pertain to claims that have been dismissed from this lawsuit and therefore no response is required.

10. Paragraph 10 contains allegations that pertain to claims that have been dismissed from this lawsuit and therefore no response is required.

11. Paragraph 10 contains allegations that pertain to claims that have been dismissed from this lawsuit and therefore no response is required.

12. Paragraph 12 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley admits that it conducts business and maintains a place of business in the Southern District of New York and Morgan Stanley otherwise denies the allegations in Paragraph 12.

13. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 13, and thereby denies the allegations in Paragraph 13.

14. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 14, and thereby denies the allegations in Paragraph 14.

15. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 15, and thereby denies the allegations in Paragraph 15.

16. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 16, and thereby denies the allegations in Paragraph 16.

17. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 17, and thereby denies the allegations in Paragraph 17.

18. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 18, and thereby denies the allegations in Paragraph 18.

19. Morgan Stanley admits that Morgan Stanley is a Delaware corporation and that its principal place of business is 1585 Broadway, New York, New York 10036. Morgan Stanley admits that the Institutional Securities division is one of Morgan Stanley's business units and that the Institutional Securities division provides financial advisory and capital-raising services to corporate and other institutional clients globally, primarily through certain wholly-owned subsidiaries. Morgan Stanley admits that Morgan Stanley, primarily through these wholly-owned subsidiaries, also conducted sales and trading activities worldwide, as principal and agent, and provided related financing services on behalf of institutional investors. Morgan Stanley also admits that Morgan Stanley, primarily through its wholly-owned subsidiaries, acted as an underwriter of residential mortgage-backed securities, provided warehouse lending to mortgage lenders, traded mortgage-backed securities, and structured debt securities and derivatives involving mortgage-backed securities during the times relevant to the Complaint. Morgan Stanley otherwise denies the allegations in Paragraph 19.

20. Morgan Stanley admits that Morgan Stanley & Co. LLC, is a New York limited liability company, with its principal executive offices at 1585 Broadway, New York, New York 10036. Morgan Stanley also admits that effective May 31, 2011, Morgan Stanley & Co. Incorporated, which was owned by Morgan Stanley, converted from a corporation to a limited liability company and changed its name to Morgan Stanley & Co. LLC, whose sole member is Morgan Stanley Domestic Holdings, Inc., a corporation wholly owned by Morgan Stanley Capital Management, LLC, a limited liability company whose sole member is Morgan Stanley. Morgan Stanley admits that Morgan Stanley & Co. Incorporated served as an underwriter for certain residential mortgage-backed securities that incorporated New Century mortgages. Morgan Stanley otherwise denies the allegations in Paragraph 20.

21. Morgan Stanley admits that Morgan Stanley ABS Capital I Inc. is a Delaware corporation, that Morgan Stanley is the parent company of Morgan Stanley ABS Capital I Inc., and that Morgan Stanley ABS Capital I Inc. served as the depositor for certain residential mortgage-backed securities that incorporated New Century mortgages. Morgan Stanley otherwise denies the allegations in Paragraph 21.

22. Morgan Stanley admits that Morgan Stanley Mortgage Capital Inc. was a New York corporation and that in 2007, it was merged into Morgan Stanley Mortgage Capital Holdings LLC, which is Morgan Stanley Mortgage Capital Inc.'s successor-in-interest. Morgan Stanley also admits that, at times and among other things, Morgan Stanley Mortgage Capital Inc. provided financing to certain mortgage loan originators and purchased certain residential mortgage loans, and that it served as a sponsor of certain residential mortgage-backed securities that incorporated New Century mortgages, as described in the offering documents for those offerings. Morgan Stanley refers to those offering documents for the contents thereof. Morgan Stanley denies the remaining allegations in Paragraph 22.

23. Morgan Stanley admits that Morgan Stanley Mortgage Capital Holdings LLC, a New York limited liability company, is a successor-in-interest by merger to Morgan Stanley Mortgage Capital Inc. and has its principal executive offices at 1585 Broadway, New York, New York 10036. Morgan Stanley admits that Mortgage Capital Holdings LLC served as a sponsor for certain residential mortgage-backed securities that incorporated New Century mortgages. Morgan Stanley otherwise denies the allegations in Paragraph 23.

24. The first sentence of Paragraph 24 merely describes terms used in the Complaint to which no response is required. Morgan Stanley denies the allegations in the second sentence

of Paragraph 24 except admits that Morgan Stanley, through its subsidiaries, currently trades in securities.

25. Morgan Stanley denies the allegations in Paragraph 25 except admits that it and other investment firms sponsored and underwrote mortgage-backed securities and refers to the text referenced in Paragraph 25 for the contents thereof.

26. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 26, and thereby denies the allegations in Paragraph 26 except admits that in some cases, borrowers interact with lenders, such as New Century, who originate mortgage loans, and may deal directly with the lender or work with a mortgage broker.

27. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 27 except Morgan Stanley admits that Morgan Stanley has purchased mortgage loans from lenders that were pooled and sold certain of those securities to investors and except that to the extent the allegations in Paragraph 27 are directed to or purport to relate to securitizations involving Morgan Stanley, Morgan Stanley refers to the offering documents describing those securitizations for the contents thereof.

28. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 28 except to the extent the allegations in Paragraph 28 are directed to or purport to relate to securitizations involving Morgan Stanley, Morgan Stanley refers to the offering documents describing those securitizations for the contents thereof.

29. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 29 except to the extent the allegations in Paragraph 29 are directed to or purport to relate to securitizations involving Morgan Stanley, Morgan Stanley refers to the offering documents describing those securitizations for the contents thereof.

30. The first sentence of Paragraph 30 contains legal conclusions to which no response is required. Morgan Stanley otherwise denies the allegations in Paragraph 30 except refers to the publications referenced in Paragraph 30 for the contents thereof.

31. Paragraph 31 contains legal conclusions to which no response is required.

32. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 32, and thereby denies the allegations in Paragraph 32 except refers to the article referenced in Paragraph 32 for the contents thereof.

33. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 33 except refers to the publication referenced in Paragraph 33 for the contents thereof.

34. Paragraph 34 merely describes terms used in the Complaint to which no response is required.

35. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 35.

36. Morgan Stanley denies the allegations in Paragraph 36.

37. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 37 except refers to the publications referenced in Paragraph 37 for the contents thereof and admits that New Century originated mortgage loans between 2004 until April 2007 when it declared bankruptcy.

38. Morgan Stanley denies the allegations in the first sentence of Paragraph 38. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in the second and third sentences of Paragraph 38, and thereby denies the allegations in the second and third sentences of Paragraph 38.

39. Morgan Stanley admits that Morgan Stanley securitized pools of loans that contained only loans that Morgan Stanley had purchased from New Century, and Morgan Stanley also securitized pools of loans that contained loans Morgan Stanley had purchased from New Century and other lenders. Morgan Stanley otherwise denies the allegations in Paragraph 39.

40. Morgan Stanley denies the allegations in Paragraph 40.

41. Morgan Stanley denies the allegations in Paragraph 41 except refers to the article and annual report referenced in Paragraph 41 for the contents thereof.

42. Morgan Stanley denies the allegations in Paragraph 42 except refers to the report, prospectuses, and prospectus supplements referred to in Paragraph 42 for the contents thereof.



43. Morgan Stanley denies the allegations in Paragraph 43.

44. Morgan Stanley denies the allegations in the first, second, and third sentences of Paragraph 44. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations of the fourth and fifth sentences of Paragraph 44, and thereby denies the allegations in the fourth and fifth sentences of Paragraph 44.

45. Morgan Stanley denies the allegations in Paragraph 45 except refers to the complaint referenced in Paragraph 45 for the contents thereof.

46. Morgan Stanley denies the allegations in Paragraph 46 except refers to the SEC filings referenced in Paragraph 46 for the contents thereof.

47. Morgan Stanley denies the allegations in Paragraph 47 except admits that Morgan Stanley purchased Stated Documentation loans from New Century and refers to the prospectuses and prospectus supplements referenced in Paragraph 47 for the contents thereof.

48. Morgan Stanley denies the allegations in Paragraph 48 except refers to the Assurance of Discontinuance referenced in Paragraph 48 for the contents thereof.

49. Morgan Stanley denies the allegations in Paragraph 49 except refers to the radio broadcast referenced in Paragraph 49 for the contents thereof.

50. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 50, and thereby denies the allegations in Paragraph 50 except refers to the radio broadcast referenced in Paragraph 50 for the contents thereof. The allegations in Paragraph 50 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

51. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 51 except admits that the term loan-to-value ratio (“LTV”) is defined in the offering documents for the securitizations that Morgan Stanley sponsored and refers to those offering documents for the contents thereof.

52. Morgan Stanley denies the allegations in Paragraph 52 except refers to the Assurance of Discontinuance referenced in Paragraph 52 for the contents thereof.

53. Morgan Stanley denies the allegations in Paragraph 53 except refers to the complaint, prospectuses, and prospectus supplements referenced in Paragraph 53 for the contents thereof.

54. Morgan Stanley denies the allegations in Paragraph 54 except refers to the complaint referenced in Paragraph 54 for the contents thereof.

55. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 55.

56. Morgan Stanley denies the allegations in Paragraph 56 except refers to the Bid Terms referenced in Paragraph 56 for the contents thereof.

57. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 57, and thereby denies the allegations in the first sentence of Paragraph 57. Morgan Stanley denies the allegations in the second, third, and fourth sentences of Paragraph 57 except refers to the Bid Terms referenced in Paragraph 57 for the contents thereof.

58. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 58, and thereby denies the allegations in Paragraph 58 except refers to the annual report and statement referenced in Paragraph 58 for the contents thereof and to the extent the allegations in Paragraph 58 are directed to or purport to relate to securitizations involving Morgan Stanley, Morgan Stanley refers to the offering documents describing those securitizations for the contents thereof.

59. Morgan Stanley denies the allegations in Paragraph 59 except refers to the prospectuses and prospectus supplements referenced in Paragraph 59 for the contents thereof.

60. Morgan Stanley denies the allegations in Paragraph 60 except to the extent the allegations in Paragraph 60 are directed to or purport to relate to securitizations involving Morgan Stanley, Morgan Stanley refers to the offering documents describing those securitizations for the contents thereof.

61. Morgan Stanley denies the allegations in Paragraph 61 except admits that, at certain times, it purchased certain loans from New Century and provided financing to New Century pursuant to certain agreements, and refers to those agreements for the contents thereof.

62. Morgan Stanley denies the allegations in Paragraph 62 except refers to the investigation referenced in Paragraph 62 for the contents thereof.

63. Morgan Stanley denies the allegations in the first and third sentences of Paragraph 63. Morgan Stanley denies the allegations in the second sentence of Paragraph 63 except admits that, as of February 2007, the quarter-end funded balance on New Century's warehouse line was over \$1.5 billion, and the total quarter-end funded balance on Morgan Stanley's warehouse lines to residential mortgage originators was over \$2.6 billion.

64. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 64, and thereby denies the allegations in Paragraph 64 except refers to the examiner's report and New Century's statements referenced in Paragraph 64 for the contents thereof.

65. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 65, and thereby denies the allegations in Paragraph 65 except refers to the testimony referenced in Paragraph 65 for the contents thereof. The allegations in Paragraph 65 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

66. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the Paragraph 66, and thereby denies the allegations in Paragraph 66 except refers to the order referenced in Paragraph 66 for the contents thereof. The allegations in Paragraph 66 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

67. Morgan Stanley denies the allegations in the first and second sentences of Paragraph 67 except admits that Morgan Stanley at times entered agreements with certain lenders, including New Century, to purchase certain loan pools. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of Paragraph 67, and thereby denies the allegations in the third sentence of Paragraph 67.

68. Morgan Stanley denies the allegations in Paragraph 68 except refers to the complaint and statements referenced in Paragraph 68 for the contents thereof.

69. Morgan Stanley denies the allegations in the first sentence of Paragraph 69. Morgan Stanley admits that on a very limited basis, Morgan Stanley provided some funding to New Century secured by loans which had not yet closed. Morgan Stanley otherwise denies the allegations in the second sentence of Paragraph 69. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of Paragraph 69 and thereby denies the allegations in the third sentence of Paragraph 69.

70. Morgan Stanley denies the allegations in Paragraph 70.

71. Morgan Stanley denies the allegations in Paragraph 71.

72. Morgan Stanley denies the allegations in Paragraph 72 except refers to the complaint, prospectuses and prospectus supplements referenced in Paragraph 72 for the contents thereof.

73. Morgan Stanley denies the allegations in Paragraph 73 except refers to the report referenced in Paragraph 73 for the contents thereof.

74. Morgan Stanley denies the allegations in Paragraph 74 except refers to the prospectus and prospectus supplement referenced in Paragraph 74 for the contents thereof.

75. Morgan Stanley denies the allegations in Paragraph 75 except refers to the complaint referenced in Paragraph 75 for the contents thereof.

76. Morgan Stanley denies the allegations in Paragraph 76 except refers to the testimony referenced in Paragraph 76 for the contents thereof.

77. Morgan Stanley denies the allegations in Paragraph 77 except refers to the bankruptcy examiner report referenced in Paragraph 77 for the contents thereof.

78. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 78, and thereby denies the allegation in Paragraph 78

except refers to the bankruptcy examiner report referenced in Paragraph 78 for the contents thereof. The allegations in Paragraph 78 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

79. Morgan Stanley denies the allegations in Paragraph 79 except refers to the bankruptcy examiner's report referenced in Paragraph 79 for the contents thereof.

80. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the first and second sentences of Paragraph 80 and thereby denies the allegations in the first and second sentences of Paragraph 80 except refers to the statement referenced in Paragraph 80 for the contents thereof. The allegations in the first and second sentences of Paragraph 80 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley. Morgan Stanley denies the allegations in the third sentence of Paragraph 80 except admits that in 2005, Morgan Stanley increased New Century's warehouse line of credit by approximately \$1 billion.

81. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 81, and thereby denies the allegations in Paragraph 81. The allegations in Paragraph 81 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

82. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 82, and thereby denies the allegations in Paragraph 82. The allegations in Paragraph 82 are not specifically directed at Morgan Stanley, and Morgan

Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

83. Morgan Stanley denies that it “demand[ed]” New Century to originate loans or otherwise. Morgan Stanley otherwise is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83, and thereby denies the allegations in Paragraph 83 except refers to the presentation referenced in Paragraph 83 for the contents thereof.

84. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 84 except refers to the presentation referenced in Paragraph 84 for the contents thereof. The allegations in Paragraph 84 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

85. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 85, and thereby denies the allegations in Paragraph 85 except refers to the testimony referenced in Paragraph 85 for the contents thereof. The allegations in Paragraph 85 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

86. Morgan Stanley denies the allegations in Paragraph 86.

87. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 87, and thereby denies the allegations in Paragraph 87 except refers to the publications referenced in Paragraph 87 for the contents thereof. The allegations in Paragraph 87 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

88. Morgan Stanley denies the allegations in the first sentence of Paragraph 88. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in second, third, fourth, and fifth sentences of Paragraph 88, and thereby denies the allegations in the second, third, fourth, and fifth sentences of Paragraph 88 except refers to the Columbia Collateral File referenced in Paragraph 88 for the contents thereof.

89. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 89, and thereby denies the allegations in Paragraph 89 except refers to the Columbia Collateral File referenced in Paragraph 89 for the contents thereof and admits that the securities referenced in Paragraph 89 contained only loans that Morgan Stanley purchased from New Century.

90. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 90, and thereby denies the allegations in Paragraph 90 except refers to the Columbia Collateral File and data referenced in Paragraph 90 for the contents thereof.

91. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 91, and thereby denies the allegations in Paragraph 91 except refers to the Columbia Collateral File and data referenced in Paragraph 91 for the contents thereof.

92. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 92, and thereby denies the allegations in Paragraph 92 except refers to the Columbia Collateral File and data referenced in Paragraph 92 for the contents thereof.



93. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 93, and thereby denies the allegations in Paragraph 93 except refers to the data referenced in Paragraph 93 for the contents thereof.

94. Morgan Stanley denies the allegations in the first, third and fourth sentences of Paragraph 94. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 94, and thereby denies the allegations in Paragraph 94 except refers to the data referenced in Paragraph 94 for the contents thereof.

95. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 95, and thereby denies the allegations in Paragraph 95 except refers to the data referenced in Paragraph 95 for the contents thereof.

96. The first sentence of Paragraph 96 contains legal conclusions to which no response is required. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the second and third sentences of Paragraph 96, and thereby denies the allegations in the second and third sentences of Paragraph 96 except refers to the data referenced in Paragraph 96 for the contents thereof.

97. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 97 and thereby denies the allegations in Paragraph 97. The allegations in Paragraph 97 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

98. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 98, and thereby denies the allegations in Paragraph 98. The allegations in Paragraph 98 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

99. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 99, and thereby denies the allegations in Paragraph 99. The allegations in Paragraph 99 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

100. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 100, and thereby denies the allegations in Paragraph 100. The allegations in Paragraph 100 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

101. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a

response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 101, and thereby denies the allegations in Paragraph 101 except refers to the report, research, and study referenced in Paragraph 101 for the contents thereof. The allegations in Paragraph 101 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

102. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 102, and thereby denies the allegations in Paragraph 102 except refers to the studies referenced in Paragraph 102 for the contents thereof. The allegations in Paragraph 102 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

103. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 103, and thereby denies the allegations in Paragraph 103 except refers to the study referenced in Paragraph 103 for the contents thereof. The allegations in Paragraph 103 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

104. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 104, and thereby denies the allegations in Paragraph 104 except refers to the publication referenced in Paragraph 104 for the contents thereof. The allegations in Paragraph 104 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

105. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 105, and thereby denies the allegations in Paragraph 105. The allegations in Paragraph 105 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

106. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 106, and thereby denies the allegations in Paragraph 106 except refers to the publication referenced in Paragraph 106 for the contents thereof. The allegations in Paragraph 106 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

107. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 107, and thereby denies the allegations in Paragraph 107 except refers to the publication referenced in Paragraph 107 for the contents thereof. The allegations in Paragraph 107 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

108. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 108, and thereby denies the allegations in Paragraph 108. The allegations in Paragraph 108 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

109. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 109, and thereby denies the allegations in Paragraph 109 except refers to the publication referenced in Paragraph 109 for the contents thereof. The allegations in Paragraph 109 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

110. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 110, and thereby denies the allegations in Paragraph 110 except refers to the publications referenced in Paragraph 110 for the contents thereof. The allegations in Paragraph 110 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

111. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 111, and thereby denies the allegations in Paragraph 111 except refers to the publication referenced in Paragraph 111 for the contents thereof. The allegations in Paragraph 111 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

112. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 112, and thereby denies the allegations in Paragraph 112 except refers to the publication referenced in Paragraph 112 for the contents thereof. The allegations in Paragraph 112 are not specifically directed at Morgan

Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

113. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 113, and thereby denies the allegations in Paragraph 113 except refers to the publication and data referenced in Paragraph 113 for the contents thereof. The allegations in Paragraph 113 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

114. This paragraph contains general and unsupported factual assertions, conclusory allegations, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 114, and thereby denies the allegations in Paragraph 114 except refers to the publication referenced in Paragraph 114 for the contents thereof. The allegations in Paragraph 114 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

115. Paragraph 115 contains legal conclusions to which no response is required.

116. This paragraph contains general and unsupported factual assertions, legal conclusions, and attorney argument to which no response is required. To the extent that a response is required, Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the generalized allegations in Paragraph 116, and thereby denies the

allegations in Paragraph 116 except refers to the regulations referenced in Paragraph 116 for the contents thereof. The allegations in Paragraph 116 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

117. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 117, and thereby denies the allegations in Paragraph 117. The allegations in Paragraph 117 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

118. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 118, and thereby denies the allegations in Paragraph 118. The allegations in Paragraph 118 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

119. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 119, and thereby denies the allegations in Paragraph 119. The allegations in Paragraph 119 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

120. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 120, and thereby denies the allegations in Paragraph 120. The allegations in Paragraph 120 are not specifically directed at Morgan Stanley, and



Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

121. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 121, and thereby denies the allegations in Paragraph 121. The allegations in Paragraph 121 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

122. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 122, and thereby denies the allegations in Paragraph 122. The allegations in Paragraph 122 are not specifically directed at Morgan Stanley, and Morgan Stanley specifically denies the allegations to the extent they are intended to refer to Morgan Stanley.

123. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 123, and thereby denies the allegations in Paragraph 123.

124. Morgan Stanley denies the allegations in Paragraph 124.

125. Morgan Stanley denies the allegations in Paragraph 125.

126. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 126, and thereby denies the allegations in Paragraph 126.

127. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 127, and thereby denies the allegations in Paragraph 127.

128. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 128, and thereby denies the allegations in Paragraph 128.

129. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 129, and thereby denies the allegations in Paragraph 129.

130. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 130, and thereby denies the allegations in Paragraph 130 except refers to the Adjustable Rate Rider and Addendum referenced in Paragraph 130 for the contents thereof.

131. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 131, and thereby denies the allegations in Paragraph 131 except refers to the mortgage documents referenced in Paragraph 131 for the contents thereof.

132. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 132, and thereby denies the allegations in Paragraph 132 except refers to the Prepayment Rider referenced in Paragraph 132 for the contents thereof.

133. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 133, and thereby denies the allegations in Paragraph 133 except refers to the Settlement Statement referenced in Paragraph 133 for the contents thereof.

134. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 134, and thereby denies the allegations in Paragraph 134.

135. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 135, and thereby denies the allegations in Paragraph 135.

136. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 136, and thereby denies the allegations in Paragraph 136.

137. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 137, and thereby denies the allegations in Paragraph 137.

138. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 138, and thereby denies the allegations in Paragraph 138.

139. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 139, and thereby denies the allegations in Paragraph 139.

140. Paragraph 140 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 140.

141. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 141.

142. Morgan Stanley denies the allegations in Paragraph 142.

143. Morgan Stanley denies the allegations in Paragraph 143.

144. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 144, and thereby denies the allegations in Paragraph 144.

145. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 145, and thereby denies the allegations in Paragraph 145.

146. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 146, and thereby denies the allegations in Paragraph 146 except refers to the Adjustable Rate Rider and Addendum referenced in Paragraph 146 for the contents thereof.

147. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 147, and thereby denies the allegations in Paragraph 147 except refers to the Prepayment Rider referenced in Paragraph 147 for the contents thereof.

148. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 148, and thereby denies the allegations in Paragraph 148.

149. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 149, and thereby denies the allegations in Paragraph 149 except refers to the letter referenced in Paragraph 149 for the contents thereof.

150. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 150, and thereby denies the allegations in Paragraph 150.

151. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 151, and thereby denies the allegations in Paragraph 151.

152. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 152, and thereby denies the allegations in Paragraph 152.

153. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 153, and thereby denies the allegations in Paragraph 153.

154. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 154, and thereby denies the allegations in Paragraph 154.

155. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 155, and thereby denies the allegations in Paragraph 155.

156. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 156, and thereby denies the allegations in Paragraph 156.

157. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 157, and thereby denies the allegations in Paragraph 157.

158. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 158.

159. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 159, and thereby denies the allegations in Paragraph 159.

160. Paragraph 160 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 160.

161. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 161, and thereby denies the allegations in Paragraph 161.

162. Morgan Stanley denies the allegations in Paragraph 162.

163. Morgan Stanley denies the allegations in Paragraph 163.

164. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 164, and thereby denies the allegations in Paragraph 164.

165. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 165, and thereby denies the allegations in Paragraph 165 except refers to the Adjustable Rate Rider and Addendum referenced in Paragraph 165 for the contents thereof.

166. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 166, and thereby denies the allegations in Paragraph 166.

167. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 167, and thereby denies the allegations in Paragraph 167.

168. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 168, and thereby denies the allegations in Paragraph 168 except refers to the mortgage documents referenced in Paragraph 168 for the contents thereof.

169. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 169, and thereby denies the allegations in Paragraph 169 except refers to the Prepayment Rider referenced in Paragraph 130 for the contents thereof.

170. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 170, and thereby denies the allegations in Paragraph 170.

171. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 171, and thereby denies the allegations in Paragraph 171.

172. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 172, and thereby denies the allegations in Paragraph 172.

173. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 173, and thereby denies the allegations in Paragraph 173.

174. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 174, and thereby denies the allegations in Paragraph 174.

175. Paragraph 175 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 175.

176. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 176, and thereby denies the allegations in Paragraph 176.

177. Morgan Stanley denies the allegations in Paragraph 177.

178. Morgan Stanley denies the allegations in Paragraph 178.

179. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 179, and thereby denies the allegations in Paragraph 179.

180. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 180, and thereby denies the allegations in Paragraph 180.

181. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 181, and thereby denies the allegations in Paragraph 181.

182. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 182, and thereby denies the allegations in Paragraph 182 except refers to the Adjustable Rate Rider referenced in Paragraph 182 for the contents thereof.

183. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 183, and thereby denies the allegations in Paragraph 183.



184. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 184, and thereby denies the allegations in Paragraph 184 except refers to the Prepayment Rider referenced in Paragraph 184 for the contents thereof.

185. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 185, and thereby denies the allegations in Paragraph 185 except refers to the Settlement Statement referenced in Paragraph 185 for the contents thereof.

186. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 186, and thereby denies the allegations in Paragraph 186.

187. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 187, and thereby denies the allegations in Paragraph 187 except refers to the Uniform Residential Appraisal Report referenced in Paragraph 187 for the contents thereof.

188. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 188, and thereby denies the allegations in Paragraph 188.

189. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 189, and thereby denies the allegations in Paragraph 189.

190. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 190, and thereby denies the allegations in Paragraph 190.

191. Paragraph 191 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 191.

192. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 192, and thereby denies the allegations in Paragraph 192.

193. Morgan Stanley denies the allegations in Paragraph 193.

194. Morgan Stanley denies the allegations in Paragraph 194.

195. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 195, and thereby denies the allegations in Paragraph 195.

196. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 196, and thereby denies the allegations in Paragraph 196.

197. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 197, and thereby denies the allegations in Paragraph 197 except refers to the Adjustable Rate Balloon Note referenced in Paragraph 197 for the contents thereof.

198. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 198, and thereby denies the allegations in Paragraph 198.

199. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 199, and thereby denies the allegations in Paragraph 199 except refers to the Prepayment Rider referenced in Paragraph 199 for the contents thereof.

200. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 200, and thereby denies the allegations in Paragraph 200 except refers to the Settlement Statement referenced in Paragraph 200 for the contents thereof.

201. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 201, and thereby denies the allegations in Paragraph 201.

202. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 202, and thereby denies the allegations in Paragraph 202.

203. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 203, and thereby denies the allegations in Paragraph 203.

204. Paragraph 204 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations in Paragraph 204.

205. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 205, and thereby denies the allegations in Paragraph 205.

206. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 206, and thereby denies the allegations in Paragraph 206.

207. Morgan Stanley denies the allegations in Paragraph 207.

208. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 208, and thereby denies the allegations in Paragraph 208.

209. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 209, and thereby denies the allegations in Paragraph 209 except refers to the publication referenced in Paragraph 209 for the contents thereof.

210. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 210, and thereby denies the allegations in Paragraph 210.

211. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 211, and thereby denies the allegations in Paragraph 211.

212. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 212, and thereby denies the allegations in Paragraph 212.

213. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 213, and thereby denies the allegations in Paragraph 213 except refers to the publication referenced in Paragraph 213 for the contents thereof.

214. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 214, and thereby denies the allegations in Paragraph 214 except refers to the publications referenced in Paragraph 214 for the contents thereof.

215. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 215, and thereby denies the allegations in Paragraph 215.

216. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 216, and thereby denies the allegations in Paragraph 216.

217. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 217, and thereby denies the allegations in Paragraph 217.

218. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 218, and thereby denies the allegations in Paragraph 218.

219. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 219, and thereby denies the allegations in Paragraph 219.

220. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 220, and thereby denies the allegations in Paragraph 220 except refers to the study referenced in Paragraph 220 for the contents thereof.

221. Paragraph 221 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations or Paragraph 221.

222. Paragraph 222 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations or Paragraph 222.

223. Paragraph 223 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations or Paragraph 223.

224. Paragraph 224 contains legal conclusions to which no response is required. To the extent a response is required, Morgan Stanley denies the allegations or Paragraph 224.

225. Morgan Stanley admits that Plaintiffs purport to bring this action as a class action but denies that a certifiable class of plaintiffs exists.

226. Morgan Stanley admits that Plaintiffs seek the relief described in Paragraph 226, but denies that Plaintiffs are entitled to such relief.

227. Morgan Stanley admits that Plaintiffs seek the relief described in Paragraph 227, but denies that Plaintiffs are entitled to such relief.

228. Paragraph 228 contains legal conclusions to which no response is required. To the extent a further response is required, Morgan Stanley denies the allegations in Paragraph 228.

229. Morgan Stanley admits that Plaintiffs purport to seek class certification as described in Paragraph 229 but denies that a certifiable class of plaintiffs exists.

230. Paragraph 230 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 230, and thereby denies the allegations in Paragraph 230. Morgan Stanley denies that a certifiable class of plaintiffs exists.

231. Paragraph 231 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the allegations in Paragraph 231. Morgan Stanley denies that a certifiable class of plaintiffs exists.

232. Paragraph 232 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the allegations in Paragraph 232. Morgan Stanley denies that a certifiable class of plaintiffs exists.

233. Paragraph 233 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the allegations in the first and fifth sentences of Paragraph 233. Morgan Stanley is without knowledge or information sufficient to form a belief as to the truth of the allegations in the second, third, and fourth sentences of Paragraph 232, and thereby denies the allegations in Paragraph 232. Morgan Stanley denies that a certifiable class of plaintiffs exists.

234. Paragraph 234 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the allegations in Paragraph 234. Morgan Stanley denies that a certifiable class of plaintiffs exists.

235. Paragraph 235 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the allegations in Paragraph 235.

#### **COUNT ONE**

236. Morgan Stanley incorporates its responses to the allegations in Paragraphs 1 through 235 above as if fully set forth herein.

237. Paragraph 237 contains legal conclusions to which no response is required.

238. Paragraph 238 contains legal conclusions to which no response is required.

239. Paragraph 239 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the overbroad and generalized allegations in Paragraph 239.

240. Paragraph 240 contains legal conclusions to which no response is required. To the extent that a response is required, Morgan Stanley denies the allegations in Paragraph 240.

241. Morgan Stanley denies the allegations in Paragraph 241.

242. Morgan Stanley denies the allegations in Paragraph 242.

243. Morgan Stanley denies the allegations in Paragraph 243.

244. Morgan Stanley denies the allegations in Paragraph 244.

245. Morgan Stanley denies the allegations in Paragraph 245.

246. Morgan Stanley denies the allegations in Paragraph 246.

247. Morgan Stanley denies the allegations in Paragraph 247.

248. Morgan Stanley admits that Plaintiffs purport to request relief as described in the Complaint, but Morgan Stanley denies that a certifiable class of plaintiffs exists, and denies that Plaintiffs are entitled to any relief.

## **COUNT TWO**

249. Morgan Stanley incorporates its responses to the allegations in Paragraphs 1 through 248 above as if fully set forth herein.

250. Paragraph 250 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

251. Paragraph 251 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

252. Paragraph 252 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

253. Paragraph 253 contains allegations that pertain to claims that have been dismissed and therefore no response is required.



254. Paragraph 254 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

255. Paragraph 255 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

256. Paragraph 256 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

257. Paragraph 257 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

258. Paragraph 258 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

259. Paragraph 259 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

260. Paragraph 260 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

261. Paragraph 261 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

262. Paragraph 262 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

### **COUNT THREE**

263. Morgan Stanley incorporates its responses to the allegations in Paragraphs 1 through 263 above as if fully set forth herein.

264. Paragraph 264 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

265. Paragraph 265 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

266. Paragraph 266 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

267. Paragraph 267 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

268. Paragraph 268 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

269. Paragraph 269 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

270. Paragraph 270 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

271. Paragraph 271 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

272. Paragraph 272 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

273. Paragraph 272 contains allegations that pertain to claims that have been dismissed and therefore no response is required.

#### **PRAYER FOR RELIEF**

Morgan Stanley denies that Plaintiffs and/or putative class members are entitled to any request in its prayer for relief.

### **AFFIRMATIVE DEFENSES**

Morgan Stanley asserts the following additional, affirmative defenses and reserves the right to amend this Answer to assert other and further defenses when and if, in the course of its investigation, discovery, or preparation for trial, doing so becomes appropriate. Moreover, if any of Plaintiffs' claims that have been dismissed are reinstated, Morgan Stanley reserves the right to assert additional defenses with respect thereto. The following defenses are asserted as affirmative defenses to the extent doing so is required by law. Inclusion of a defense as an affirmative defense is not an admission that Morgan Stanley would bear the burden of proving the defense.

#### First Affirmative Defense

Plaintiffs' claims are barred because Plaintiffs lack standing.

#### Second Affirmative Defense

Plaintiffs' claims are barred because they fail to state a claim upon which relief may be granted.

#### Third Affirmative Defense

Plaintiffs' claims are barred pursuant to the applicable statute of limitations.

#### Fourth Affirmative Defense

Plaintiffs' claims are barred because Morgan Stanley's actions, including its purchase of New Century loans, were supported by race-neutral, objective, substantial, and legitimate business rationales.

Fifth Affirmative Defense

Plaintiffs' claims are barred because Morgan Stanley's legitimate and substantial business objectives could not be achieved by an alternative means with a less discriminatory effect.

Sixth Affirmative Defense

Plaintiffs' claims are barred by laches.

Dated: August 8, 2013

Respectfully submitted,

/s/ David Ogden

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